



# M E D I A   R E L E A S E

STATE OF TENNESSEE  
DEPARTMENT OF CHILDREN'S SERVICES

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## **CMS REDUCES FEDERAL FUNDS FOR CHILD WELFARE** *LOSS COULD FORCE DCS SERVICE, WORKFORCE CUTS*

NASHVILLE, Tenn. - The Tennessee Department of Children's Services (DCS) today announced it faces a \$73 million withdrawal of federal funds due to a recent rule change by the Bush administration that slashes federal reimbursements to states providing key child protective and welfare services.

If Tennessee fails to obtain relief from the loss of funding, DCS will put in place contingency plans - including departmental budget cuts and workforce reductions - in an effort to preserve critical services for the children who need them most.

Currently, the state is challenging the rule by the U.S. Centers for Medicare & Medicaid Services (CMS). The rule, which took effect last month, eliminates federal reimbursement for so-called "targeted case management," a comprehensive service that includes coordination of medical and non-medical procedures for children under DCS care as well as others who are not in state custody.

In Tennessee, an estimated 30,000 children benefit from targeted case management annually. Eliminating federal funds, as CMS has done, risks causing major disruptions in the delivery of services in Tennessee. More than 30 other states have been similarly impacted by the rule change. Of those, as many as seven states, including Tennessee, rely heavily on these funds to care for children with medical, behavioral, and other needs.

"I'm disheartened by cuts in this important source of federal funding," said DCS Commissioner Viola Miller. "We're reaching out to members of Tennessee's congressional delegation in an effort to seek relief."

DCS estimates the loss of federal funds ultimately will necessitate deep departmental budget cuts. Such cuts could include the reduction of approximately 160 positions in DCS - representing approximately three percent of the department's 5,160-member workforce - prior to the beginning of the state's new fiscal year on July 1. Any job cuts would focus on positions that are not directly related to child case management. Additionally, other service providers with whom DCS contracts also could be affected.

"We're working overtime to identify any and all options that would help us meet this challenge," Miller added.

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